



Australian
Tuesday 27/10/2009
 Page: 28
 Section: Business News
 Region: Australia, AU
 Circulation: 138765
 Type: National
 Size: 381.28 sq.cms.



press clip



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The two strikes club

TODAY'S Transurban annual meeting should result in David Ryan joining Downer's Peter Jollie, Qantas's Leigh Clifford and United's Trevor Rowe as members of the two strikes club.

As reported previously, Risk Metrics has opposed the long-term bonuses granted to executives led by chief Chris "Che Guevara" Lynch because they are based on so-called proportional earnings before interest, tax, depreciation and amortisation, with no link to individual securities on issue.

This opens the way to all the excesses of the pre-financial crisis days, because Transurban could go on a debt binge aimed at boosting earnings for the sake of it.

Then there are issues like buying equity on-market to avoid getting shareholder approval, to satisfy Lynch's zero exercise price options.

Now Lynch earned his revolutionary nickname because he was the first in the infrastructure game to draw a line on paying shareholder distributions out of debt, because the company's earnings were not big enough to satisfy promised payouts.

So the new Transurban is unlikely to rort the system, but that being the case, it is surely better to gear remuneration settings around the new company mantra.

Assuming more than 25 per cent of shareholders vote against the report, after last year's protest vote against former boss Kim Edward's \$9.2m farewell present, chairman Ryan will join a select group of repeat offenders.

Of course the notion of two strikes and you're out is a dumb one, and should be struck out of the Productivity Commission's final report on pay.

Separately, Traffic Technologies (TT) chair Ray Horsburgh is likely to collect as much as 70 per cent of the vote today, defeating former chief Con Scrinis's attempt to merge his company with TT.

